

TRADEWINDS

California Department of Food and Agriculture
Agricultural Export Program

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EU VOTES TO REFORM AGRICULTURAL POLICY

Fourteen of the European Union's 15 governments voted on June 26 to overhaul their \$49 billion common agricultural policy. And they called for the U.S. to enact its own reforms.

Under the new system, farmers may still choose what and how much to grow, but their subsidies will be indexed to payments from previous years. Growing more food will not automatically result in larger earnings. Payments will also depend on how well farmers' animals are treated and on environmental criteria.

Subsidies to large farms will be cut back and the money saved will be used for "rural development projects."

U.S. Secretary of Agriculture Ann Veneman and U.S. Trade Representative Robert Zoellick issued a statement commending the new reforms, adding that "The next critical step is for the EU to promptly translate today's decision into meaningful WTO proposals in the three core areas agreed in the Doha declaration: harmonizing and substantially reducing trade-distorting domestic supports, eliminating export subsidies, and substantially improving market access through tariff reductions." Sources: New York Times; USDA Press Release

NEWS

\$110 MILLION TO PROMOTE U.S. FOOD AND AGRICULTURAL PRODUCTS OVERSEAS

Agriculture Secretary Ann M. Veneman announced on June 6 that fiscal year 2003 allocations of \$110 million to 65 U.S. trade organizations to promote U.S. agricultural products overseas under the Market Access Program (MAP). More than one dozen California agricultural organizations are participants. The 2002 Farm Bill provides for significant increases to MAP, more than doubling funding to \$200 million annually by 2006, the first increases to the program since 1996.

"Increased trade opportunities for American agriculture products benefit not only the food and agriculture sectors, but the economy as a whole," said Veneman. "The Market Access Program helps promote U.S. products and build new markets overseas."

Veneman said that exports are expected to reach \$56 billion this year, which support 840,000 jobs and that for every \$1 billion more, 15,000 new jobs are created.

MAP uses funds from USDA's Commodity Credit Corporation to enter into agreements with U.S. agricultural trade organizations, state regional groups and cooperatives. These funds are used to share the costs of overseas marketing and promotional activities for both brand and generic promotions, such as consumer promotions for retail products. MAP is administered by USDA's Foreign Agricultural Service.

A list of the 65 trade organizations allocated funds through the Market Access Program is available on the USDA's website at <http://www.usda.gov/news/releases/2003/06/0197.htm>

For more information on the program, call the FAS Marketing Operations Staff at (202) 720-4327 or visit the FAS Web site at <http://www.fas.usda.gov/mos/programs/mapprog.html>. Source: USDA Press Release

UPCOMING TRADE EVENTS

Sponsored by the California Department of Food and Agriculture

ANUGA

October 11-15, 2003, Cologne, Germany

Introducing products to the European market is a picnic at the California Pavilion for ANUGA 2003! Located within the USA section, the California Pavilion will consist of 14-16 booths, plus a multi-purpose lounge for supplier-buyer meetings and wine tastings.

Exhibitors are urged to apply *immediately* to meet deadlines that provide maximum benefits of the pavilion program. These benefits include: a listing in the official ANUGA show directory; company and booth listing in a full-page ad in the August issue of International Supermarket News (ISN); mention in an accompanying ISN article on California exporters; listing in the USA Pavilion directory. The AEP will also help set up appointments between California companies and buyers.

Hurry! Apply while booth space lasts!

See brochure with details and application on the Web at: http://www.calagexport.com/trade_shows.asp

For information regarding any of these upcoming events, please e-mail the Agricultural Export Program: aepinfo@cdfa.ca.gov

ADDITIONAL TRADE EVENTS

AGROEXPO 2003 (American Café)

July 31- August 10, 2003 Columbia

Sponsored by the Office of Agricultural Affairs, US Embassy, Bogota.

Contact Teresina Chin—teresina.chin@usda.gov

World Food Moscow 2003

September 23-26, 2003 Russia

Supported by the USDA, Foreign Agricultural Service.

Contact Tobitha Jones—Tobitha.Jones@usda.gov

Great American Food Show 2003

September 30-October 1, 2003 Dominican Republic

Sponsored by the Foreign Agricultural Service, American Embassy, Santo Domingo.

Contact Teresina Chin—teresina.chin@usda.gov



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RECENT FAS/USDA REPORTS

The following reports of interest were released during the month of June. Reports are available on-line at www.fas.usda.gov

Romania: Beef export opportunities

Japan: Citrus semi-annual

Mexico: Frozen food market potential

Peru: Exporter guide

ESTIMATES OF TAIWAN'S 2003 IMPORT VOLUME OF CHERRIES

Taiwan is estimated to import 8,500 metric tons of cherries this year, roughly the same as the figure reported last year.

Taiwan does not produce cherries, generally regarded as a precious fruit by local consumers. Local traders report that the total import volume steadily increased from 4,460 metric tons in 1996 to a peak of 10,420 metric tons in 2001, jumping by 133 percent during the five-year period.

The sources of Taiwan's imported cherries include the U.S., Canada, Australia, New Zealand, and Chile, with the U.S. accounting for 70-80 percent of the total import volume.

Bing, a main cherry variety in California, will be imported to Taiwan for the first time in June 2003, and is expected to be competitive in price.

Source: China Economic News Service

SHIFTS IN DANISH MARKET PROVIDE EXPORT POSSIBILITIES

Due to shifting demographics and increasing incomes, Danish eating habits are changing, focusing on convenience, freshness, variety, and more specialty items.

This is an area where U.S. suppliers have an opportunity to make some inroads. The best high-value prospects include almonds, walnuts and other nuts, wines, salmon, pet food, and dried fruits, among other products.

For full article and FAS report reference, go to <http://www.fas.usda.gov/info/agexporter/2003/June/June%202003.html>. *Source: AgExporter*

EXPORT OPPORTUNITIES

- A Japanese importer is seeking suppliers of fresh pine mushrooms (Matsutake), either brown or beige
- A Chinese company is interested in locating a supplier of equipment for roasting 2,160 tons of potatoes per year
- An Indonesian company is looking for a supplier to provide approximately 400 lbs. of California Rainier cherries about every 5 days
- An Algerian company is looking for a supplier of 15,000 tons of yellow corn #3

If you are interested in one or more of these export opportunities, please e-mail the Agricultural Export Program: aepinfo@cdfa.ca.gov

POTENTIAL FOR CALIFORNIA WINES IS BRIMMING IN THE U.K. MARKET

The United Kingdom is the world's largest importer of wine by value. With little domestic production due to an inhospitable climate, imports from all over the world are found at dinner tables in British homes and restaurants.

The U.K. consumer has access to an unrivaled range of wines, with the bulk of sales controlled by the major U.K. supermarket chains. And the popularity of U.S. wines is growing by 25 percent a year.

Over the last 10 years, U.K. wine consumption per capita has increased by about 40 percent, mostly at the expense of beer.

Much of the recent increase in U.K. sales volume and value is due to consumer demand for red varieties. In general, U.K. consumers prefer "easier-to-drink" red wines that are affordable, lighter and fruitier. White wine sales have increased steadily, but more modestly, with particular popularity among younger drinkers.

Price is the most important factor in purchasing decisions, and around \$7.50 per bottle is usually the major dividing line between what is considered an inexpensive and expensive bottle. Several U.S. brands have had success moving large volumes of wine in the \$5.20 to \$7.50 price range, but U.S. wines in the \$7.50 to \$9.80 range are also doing well and have excellent potential.

For full article and FAS report reference, visit <http://www.fas.usda.gov/info/agexporter/2003/June/June%202003.html>. *Source: AgExporter.*

UNCERTAIN FUTURE FOR METHYL BROMIDE IN CALIFORNIA

California farmers may retain the ability to use methyl bromide despite international plans for phasing out the chemical, according to statements made by Bush administration officials on June 3.

Farmers, though, appear unconvinced. And lawmakers are weighing the politically provocative possibility of extending the phase-out now set for 2005 under the Montreal Protocol.

"Either take the steps necessary to renegotiate the Montreal Protocol as soon as possible, or provide a legislative fix freezing the phase-out," Bill Pauli, president of the California Farm Bureau Federation, urged a House panel.

Agreed to by more than 180 countries, the Montreal Protocol is designed to protect Earth's vulnerable ozone layer. Countries are phasing out production and use of ozone-depleting chemicals, including methyl bromide.

In California, it is valued by many growers as a highly effective fumigant used on over 100 crops. In 2001 it was the state's fourth most heavily used pesticide. Consistent with the Montreal Protocol, however, the use of methyl bromide is falling. Records from the state's Department of Pesticide Regulation show that use of the chemical here fell by half between 1998 and 2001, according to preliminary data.

Even so, farmers say no good alternative has yet been found despite about \$146 million in USDA research.

"We're trying to find alternatives that work in more than once place," said Rodney Brown, the USDA's deputy undersecretary for research. "It's very difficult."

At the hearing of the House energy and air quality subcommittee, administration officials showed little enthusiasm for an outright renegotiation of the 1988 treaty. However, if the treaty remains intact, farmers suggest Congress can at least slow things down by extending the phase-out.

Among other possible solutions, the treaty itself allows countries to seek "critical-use exemptions" that permit limited methyl bromide use even after the 2005 deadline. The Bush administration sought exemptions covering 16 uses including the protection of walnut and strawberry crops and in food processing. Administration officials stressed that final decisions on critical-use exemptions won't be made until a mid-November meeting in Kenya.

Source: Fresno Bee



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